

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

STATE OF LOUISIANA
OFFICE OF FINANCIAL INSTITUTIONS
BATON ROUGE, LOUISIANA

Written Agreement by and among

UNION BANCSHARES, INC.
Marksville, Louisiana

FEDERAL RESERVE BANK OF ATLANTA
Atlanta, Georgia

and

LOUISIANA OFFICE OF
FINANCIAL INSTITUTIONS
Baton Rouge, Louisiana

Docket No. 10-155-WA/RB-HC

WHEREAS, Union Bancshares, Inc., Marksville, Louisiana (“Bancshares”), a registered bank holding company, owns and controls The Union Bank, Marksville, Louisiana (the “Bank”), a state-chartered nonmember bank;

WHEREAS, it is the common goal of Bancshares, the Federal Reserve Bank of Atlanta (the “Reserve Bank”), and the Louisiana Office of Financial Institutions (the “LOFI”) to maintain the financial soundness of Bancshares so that Bancshares may serve as a source of strength to the Bank;

WHEREAS, Bancshares, the Reserve Bank, and the LOFI have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on July 21 , 2010, the board of directors of Bancshares, at a duly constituted meeting, adopted a resolution authorizing and directing Darrel D. Ryland to enter into this Agreement on behalf of Bancshares, and consenting to compliance with each and every provision of this Agreement by Bancshares and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, Bancshares, the Reserve Bank, and the LOFI agree as follows:

Source of Strength

1. The board of directors of Bancshares shall take appropriate steps to fully utilize Bancshares’ financial and managerial resources, pursuant to section 225.4(a) of Regulation Y of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 225.4(a)), to serve as a source of strength to the Bank, including, but not limited to, taking steps to ensure that the Bank complies with the Consent Order entered into with the FDIC and the LOFI on January 29, 2010 and any other supervisory action taken by the Bank’s federal or state regulator.

Dividends and Distributions

2. (a) Bancshares shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the “Director”), and the LOFI.

(b) Bancshares shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Bank without the prior written approval of the Reserve Bank and the LOFI.

(c) Bancshares shall not make any payment of interest, principal, or other sums on debt owed to insiders without the prior written approval of the Reserve Bank, the Director, and the LOFI. For the purposes of the Agreement, “insider” shall include any of Bancshares’ current or former executive officers, directors, shareholders, members of their immediate families, related interests thereof, or persons acting on their behalf. For purposes of this Agreement, “immediate family” shall be defined as set forth in section 225.41 (b)(3) of Regulation Y of the Board of Governors (12 C.F.R. § 225.41(b)(3)).

(d) All requests for prior approval shall be received by the Reserve Bank and the LOFI at least 30 days prior to the proposed dividend declaration date. All requests shall contain, at a minimum, current and projected information on Bancshares’ capital, earnings, and cash flow; the Bank’s capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment. For requests to declare or pay dividends, Bancshares must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors’ Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

Debt and Stock Redemption

3. (a) Bancshares shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank and the LOFI. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) Bancshares shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank and the LOFI.

Affiliate Transactions

4. (a) Bancshares shall take all necessary actions to ensure that the Bank complies with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Bank and its affiliates, including but not limited to Bancshares.

(b) Bancshares shall not cause the Bank to violate any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

Compliance with Laws and Regulations

5. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, Bancshares shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i), Subpart H of Regulation Y of the Board of Governors (12 C.F.R. §§ 225.71 *et seq.*), and LSA-R.S. 6:121.4.

(b) Bancshares shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

Progress Reports

6. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors shall submit to the Reserve Bank and the LOFI written progress reports detailing the form and manner of all actions taken to secure compliance with the

provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

Communications

7. All communications regarding this Agreement shall be sent to:

- (a) Mr. Steve Wise
Vice President
Federal Reserve Bank of Atlanta
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470
- (b) Mr. John Ducrest
Commissioner
Office of Financial Institutions
Post Office Box 94095
Baton Rouge, Louisiana 70809-7024
- (c) Mr. Darrel D. Ryland
President
Union Bancshares, Incorporated
305 North Main Street
Marksville, Louisiana 71351

Miscellaneous

8. Notwithstanding any provision of this Agreement, the Reserve Bank and the LOFI may, in their sole discretion, grant written extensions of time to Bancshares to comply with any provision of this Agreement.

9. The provisions of this Agreement shall be binding upon Bancshares and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

10. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the LOFI.

11. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, the LOFI or any other federal or state agency from

taking any other action affecting Bancshares, the Bank, or any of their current or former institution-affiliated parties and their successors and assigns.

12. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 5th day of August, 2010.

UNION BANCSHARES, INC.

FEDERAL RESERVE BANK
OF ATLANTA

By: /s/ Darrel D. Ryland
Darrel D. Ryland
President

By: /s/ Steve Wise
Steve Wise
Vice President

LOUISIANA OFFICE OF
FINANCIAL INSTITUTIONS

By: /s/ John Ducrest
John Ducrest
Commissioner